

**CITY OF KINGMAN
SPECIAL
WORK SESSION MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street**

8:00 A.M.

Minutes

Monday, April 12, 2010

Members:	Officers:	Visitors Signing In:
J. Salem, Mayor	J. Kramer, City Manager	See attached list
J. Watson, Vice Mayor	C. Cooper, City Attorney	
K. Deering	D. King, Deputy City Clerk	
R. Gordon	J. Walker, HR/Risk Management Director	
R. Lyons	R. Owen, Public Works Director	
K. Walker	G. Jeppson, Development Services Director	
C. Young	C. Loyd, Financial Services Director	
	D. Fruhwirth, Parks Director	
	G. Henry, City Engineer	
	R. DeVries, Chief of Police	
	K. McCoy, City Magistrate	
	C. Osterman, Fire Chief	
	J. Clos, Information Services Director	
	L. Dickens, Finance Administrator	
	T. Ware, Finance Administrator	

WORK SESSION MEETING MINUTES OF THE COMMON COUNCIL

ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN. The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

FY 2010-2011 Budget Work Session

**CALL TO ORDER & ROLL CALL
PLEDGE OF ALLEGIANCE**

Mayor Salem called the meeting to order at 8:00 a.m., after which roll call was taken and the Pledge of Allegiance was recited in unison. All Council members were present.

Mayor Salem turned the meeting over to City Manager Jack Kramer. Mr. Kramer thanked the entire staff for working together as a team to enable him to present City Council with a balanced budget. He went on to thank Financial Services Director Coral Loyd and her department for all of their hard work.

Financial Services Director Coral Loyd presented the budget highlights to the group. Ms. Loyd stated that the city's budget process is a year round activity with priorities, objectives, and challenges discussed throughout the year with citizens, staff, and state and local elected officials. She went on to say that the City of Kingman's entire revenue base is funded by sales tax, state shared revenues, and unique user fees such as those fees collected by the Parks and Recreation Department.

Ms. Loyd stated that many years ago the Council adopted a "growth pays for growth" philosophy. She went on to say that Council has discussed additional long term funding sources this year. Ms. Loyd stated that debt financing will be needed for very large capital project needs. She went on to say that Council has discussed a primary property tax for public safety needs as well as incremental sales tax increases for capital improvements or operating costs associated with those improvements.

Ms. Loyd stated that Kingman is doing reasonably well financially. The city reserves about 25% of the general fund operating expenditures as a fund balance for budget purposes. Fortunately that number has always been higher than the budget and has continued to rise. Ms. Loyd stated that the Highway Users Revenue Fund (HURF) is continuing to decline and is an area of concern to the City of Kingman. Mr. Kramer stated that lottery funds have been swept by the state and will not be reinstated. Ms. Loyd stated that enterprise fund monies cannot be used in the general fund.

Ms. Loyd stated that the Water Infrastructure Finance Authority (WIFA) has provided low interest loans to the City of Kingman to expand and upgrade the two sewer plants. She went on to say that the city formed a public/private partnership to construct the Airway underpass and there is a loan payment associated with this project. The Bank Street construction project was completed with help from the Western Area Council of Governments (WACOG) and the Highway Enhancement Loan Program (HELP). There are still loan payments on this project.

Ms. Loyd stated that the city has two bond obligations for revenue bonds secured by general fund revenues. These bonds are from the mid 1990's golf course expansion and the city's portion of the Airway underpass project. In addition, a purchase agreement with the Arizona Department of Transportation (ADOT) for the property on which the city's Public Works facilities are located will be paid in full in seven years.

Ms. Loyd stated that the city is the financing agent for five improvement districts; acting as the middleman between the property owners and the bond agent. This has enabled these property owners to pay for infrastructure improvements in their area. Ms. Loyd stated that the city has been lucky that the property owners have been able to continue to make their payments and the city should carefully consider whether or not to implement additional improvement districts.

Mayor Salem asked Ms. Loyd to explain the difference between a general obligation (GO) bond and a revenue bond. Ms. Loyd stated that a GO bond finances a capital project over ten to twenty-five years and must be approved by voters. Voter approval indicates that citizens are willing to increase their secondary property tax by a certain amount. A revenue bond may also have to be approved by voters and can be supported by current operating revenues and by user fees. There is a lower interest rate for GO bonds.

Ms. Loyd stated that mid-year budget adjustments have been made for the past four fiscal years and the same is anticipated in this fiscal year. Revenues continue to decline and Kingman's budget reflects that. Ms. Loyd stated that there is very little room in the budget for new programs or enhancements; however, the new Hilltop Wastewater Treatment Plant (HWWTP) will require four additional certified Wastewater Technicians. Councilmember Gordon stated that it is her understanding that the new plant will require employees to be on duty twenty-four hours a day, seven days a week. Mr. Kramer stated that is not correct; the new plant is a mechanical plant therefore it will take more employees to operate it.

Ms. Loyd stated that the preliminary budget includes a proposed budget from the Economic Development Marketing Commission (EDMC). She went on to say that the current funding in the budget is \$38,000 in bed tax monies as a result of a joint meeting with EDMC and the Tourism Development Commission (TDC). This money will pay for a portion of EDMC's needs survey, advertising material, and web site development. EDMC has projected that they will receive \$17,000 in grants and donations; however, Ms. Loyd stated that she does not know the current disposition of those monies. She went on to say that \$20,000 of EDMC's budget that is currently unfunded.

Ms. Loyd stated that Council also expressed a wish to discuss the addition of a Public Information Officer and an Economic Development Director to the city's work force. She went on to say that neither was included in the preliminary budget. Councilmember Lyons asked if the city has ever had a Public Information Officer and stated that a job description for this position would be helpful. Mayor Salem stated that the Public Information Officer position is something that he has had a lot of input about, especially from the media. This person would disseminate information from City Hall, as well as other departments in the City, to the media. Mayor Salem stated that it would be nice to have a person assigned to ensure that information is provided in a timely manner; however, it will not occur this fiscal year.

Ms. Loyd stated that a small amount of funding was included to upgrade on-line bill pay. She went on to say that this upgrade would enable the City of Kingman to receive funds faster. Ms. Loyd stated that this upgrade does not include on-line payments directly from the City of Kingman web site.

Ms. Loyd stated that the City of Kingman has had eleven positions eliminated in a reduction of force. Most of those employees were able to fill other vacant positions within the city. She went on to say that another twenty-seven positions are vacant due to attrition. Ms. Loyd stated that staff recommends leaving all thirty-eight positions unfunded and unfilled, which reflects a 10% reduction in the city's work force.

Ms. Loyd stated that the compensation plan implemented by Council in 2005 was to bring City of Kingman employees to 50% of market. She went on to say that the plan was to be implemented over a four year period; however, that did not occur. The last time City of Kingman employees received pay increases was in July of 2007 or July of 2006 for department heads. Ms. Loyd stated that an increase is not included in this preliminary budget. She went on to say that one of the city's greatest assets is its employees and the compensation plan will be continued as soon as possible.

Ms. Loyd stated that health care costs remained static this year due to city employees being diligent in getting the best care possible for the lowest price. She went on to say that it is unheard of to see health care costs stay static for three or four years in a row. Human Resource/Risk Management Director Jackie Walker stated that the trend in health care costs show a 10% to 12% increase and for the City of Kingman's costs to remain flat is excellent. Councilmember Gordon asked what that could be attributed to. Ms. Walker stated that the City of Kingman's plan includes more out of pocket costs so employees are more diligent about plan use. Vice Mayor Watson stated that the City of Kingman's Wellness Plan and Safety Committee also contribute to the reduction of health care plan usage.

Ms. Loyd stated that the Highway User Revenue Fund (HURF) budget is empty. She went on to say that last year the chipsealing and overlay programs were greatly reduced because the funding had to be supplemented by other revenue sources. Ms. Loyd stated that this continues to be a problem and the program will need a dedicated revenue source in the future. She went on to state that if the streets are allowed to continue to deteriorate it will cost millions of dollars for repairs. Mayor Salem proposed dedicating \$500,000 of contingency funds to these projects. He went on to state that the money should be held until the revenue trend is established for this fiscal year. Mayor Salem stated that crack patching is not as effective and the chipsealing program needs to be continued.

Councilmember Deering asked who has the responsibility for street cuts for utilities. Mr. Kramer stated that the contractor is responsible. Councilmember Deering asked if this is being enforced. Mr. Kramer stated that the Engineering Department – Public Works Inspection does that when the project is complete. Mr. Kramer stated that the repairs to road made by the contractor must last for one year.

Vice Mayor Watson stated that the \$500,000 would have to be transferred now so that it can be used by the city later. Mayor Salem asked Ms. Loyd to explain the auditing process that makes this necessary. Ms. Loyd stated that the city is audited annually, as required by state law, and all financial matters are audited.

Vice Mayor Watson stated that Council needs to look for a long term solution for this problem. Mr. Kramer stated that this will continue to be a problem and the funds that have been swept by the state are not likely to be reinstated. Vice Mayor Watson stated that the public needs to be informed about this issue and the cost of chipsealing/overlay versus replacing streets. Mayor Salem stated that viewers may email the Council with their opinions and suggestions. Mr. Kramer suggested a Work Session be held to discuss this issue.

Councilmember Young suggested using the additional bed tax monies to fund street maintenance projects instead of capital projects. Mr. Kramer stated that Council can modify the ordinance if they wish to. Councilmember Young stated that the Council should consider changing the ordinance because there are no additional options. Vice Mayor Watson stated that doing that would not provide enough funds for the chipsealing/overlay program.

Councilmember Gordon stated that perhaps the \$20,000 budgeted to repair sidewalks should be transferred to the chipsealing/overlay program. Mr. Kramer and Ms. Walker stated that they do not recommend deferring the sidewalk repairs due to possible liability issues.

Ms. Loyd stated that the Police Department budget includes funding for five new lease vehicles. She went on to say that the vehicle replacement program has been deferred over the last four years due to funding issues; however, the equipment maintenance costs will increase as the fleet ages. Mayor Salem asked at what point it becomes more expensive to maintain a vehicle than to replace it and how many vehicles are at that point. Police Chief Robert DeVries stated that at this point the department has eight front line patrol cars that are eight years old and six that are seven years old and maintenance costs on these vehicles have increased significantly. He went on to say that the officers take better care of the vehicles under the take home program.

Vice Mayor Watson stated that since the city cannot afford to buy vehicles and they need to be replaced leasing is the only option. Chief DeVries stated that leasing will not be done on a regular basis but due to the current circumstances it is the best option.

Ms. Loyd stated that the Capital Improvement Plan includes twenty-four million dollars in projects, most of which are currently unfunded. She went on to say that the preliminary budget includes funds to continue to provide current services and plans to complete capital improvement projects when funds become available.

Mr. Kramer stated that on page 23 of the preliminary budget book unfunded positions, vacant positions, new positions, and classification changes are highlighted. Ms. Walker stated that some Wastewater positions will be reclassified to separate operations and maintenance personnel.

Mr. Kramer stated that due to issues with the Kingman Resource Center he proposes a change to combine the resource center with Good Samaritan. The Board of Directors will be changed and former Police Department employee Tracy Padilla will be handling the funds. He went on to propose reducing their funding by \$8,000 with the remaining \$20,000 to be paid in four quarterly payments. Mr. Kramer stated that better accounting practices will be provided.

Mayor Salem stated that the \$8,000 surplus could be used for a contract with Management and Training Corporation (MTC), who manages the Arizona State Prison outside of Kingman, for whatever projects the city needs assistance with. He went on to say that this money would pay for around 500 hours of work. Mayor Salem stated that the \$8,000 could also be used for EDMC funding.

Councilmember Young asked what the Mohave County Housing Authority funds are for. Mr. Kramer replied that the program is funded by Kingman, Bullhead City, and Lake Havasu City and is used to help the unfortunate pay rent and utilities. This program is administered by Mohave County. He went on to say that it is not a new program and was previously funded through the city's Planning and Zoning division.

Mayor Salem recommended that the city no longer fund the Western Arizona Economic Development District (WAEDD). He went on to say that EDMC will deal with economic development for the city and the WAEDD funds could be better used elsewhere.

Councilmember Gordon suggested removing the Friends of the Mohave County Library funds from the budget. She went on to say that she does not know how the Council can justify not funding the chipsealing program or giving employees pay increases while still giving the library money to purchase books.

Councilmember Deering stated that Council is charged with making decisions that benefit the community. He went on to say that a lot of Kingman's residents use the library. Councilmember Deering stated that the Council is considering funding a new commission when those funds could be used for chipsealing or to help fund the library. He went on to say that the Council is not sure how EDMC will utilize the money or if they will get the grants they applied for. Councilmember Deering stated that citizens are asking why the Council is funding a new commission at this difficult economic time.

Councilmember Young stated that economic development does not show immediate results; rather results are seen fifteen to twenty years in the future. Councilmember Deering stated that he agrees but stated that if there is no money available the city cannot fund EDMC.

Mayor Salem suggested a compromise. He stated that the Friends of the Library is a very important program that may not actually purchase books but frees up funds to purchase books. Mayor Salem suggested reducing the City of Kingman's contribution to this program by half. Vice Mayor Watson and Councilmember Deering agreed that the funding for this program should be left as is.

Councilmember Deering MADE a MOTION to continue to fund the Friends of the Library in the amount of \$10,000. Councilmember Lyons SECONDED and it was APPROVED by a vote of 5-2, with Council members Gordon and Young voting nay.

Councilmember Young MADE a MOTION to move the \$8,000 that was removed from Good Samaritan – Kingman Resource due to their consolidation to the EDMC. Councilmember Walker SECONDED.

Councilmember Deering asked if the \$8,000 came from the general fund and if it could be used for the chipsealing program. Vice Mayor Watson stated that she feels that it would be more appropriate to see if this money could be used elsewhere before voting to dedicate it to EDMC. Mayor Salem stated that the MOTION could be TABLED until the end of the budget discussion.

Vice Mayor Watson asked what portion of the budget would include alternative collection fees for sales tax. Mr. Kramer stated that would be included in the Finance Department. Mayor Salem stated that House Bill (HB) 2512 is being resurrected which means it is still unknown how third party collectors are able to operate in Arizona.

The City Clerk's budget was discussed. Mr. Kramer stated that the franchise for Unisource Energy Services has to go before the voters. City Clerk Deborah Francis estimated that the cost will be \$5,000 to \$8,000. Ms. Loyd stated that the city will be reimbursed by Unisource for the election but the money will have to appear in the budget. She went on to suggest that \$10,000 be budgeted for this item.

Councilmember Gordon stated that Council has discussed a bond election to fund a new fire station and asked if that election could take place in the fall. Mr. Kramer stated that would be a decision made by Council. Councilmember Gordon asked if it would add to the cost of the franchise election. Ms. Francis stated that it would add minimal costs.

Vice Mayor Watson stated that if a bond election is conducted an information pamphlet would have to be created and mailed which would add to the cost. Ms. Francis agreed and stated that she anticipated an additional \$3,000 in cost for the pamphlets. Ms. Loyd stated that due to statutory requirements regarding information that has to be included in the pamphlet the cost would be significantly higher. Mayor Salem stated that since Council has not decided whether or not to conduct a bond election this item should be revisited when that decision is made. Mr. Kramer directed staff to increase the amount to \$15,000.

The Magistrate Court budget was discussed. Mr. Kramer stated that the most significant issue in this budget is the increase in jail costs. He went on to say that this item will be discussed at the next Tri-City Council meeting on April 28th as it is a concern for all three cities.

Councilmember Gordon asked about the merchant card fee line item. Mr. Kramer stated that there are five departments that take credit cards and there is a fee associated with this service. He went on to say that in the past, this fee was in the budget under professional services; however, this year these charges were given their own line item. Mr. Kramer stated that in these current economic times more and more people are using credit cards and the fee is simply one of the costs of doing business.

The Tourism Development Commission (TDC) budget was discussed. Councilmember Gordon asked about funds for the Mohave Historical Society to run the Bonnell House. Ms. Loyd stated that these funds, as well as \$5,000 for the Andy Devine Days Rodeo, will come from TDC's contingency funds.

Councilmember Lyons asked if the Kingman Air and Auto Show would be held in 2010. TDC Chairperson Krystal Burge stated that they did request TDC funds; however, the commission decided not to provide them with funding unless they are firmly committed to doing the event in 2011.

The EDMC budget was discussed. Councilmember Gordon asked about the \$20,000 that is currently unfunded. She went on to ask if the amount continues to be unfunded what items in their budget would be eliminated. Mr. Kramer stated that EDMC would have to decide what projects to move forward. Councilmember Gordon stated that it is essential to plan for the future of our community. Councilmember Deering agreed but stated that he does not believe this is the time to fund this commission because Kingman does have some forms of economic development such as the Kingman Airport Authority (KAA), the Kingman Area Chamber of Commerce and the TDC, who has generously provided \$38,000 in funding to EDMC. Councilmember Young stated that if EDMC waits to promote Kingman until the economy gets better the city will digress. In order to move the city forward it has to be marketed and marketing takes money.

Councilmember Gordon stated that KAA does a great job marketing the airport but it is only a piece of what needs to be done. She went on to say Kingman has other marketing opportunities to develop that do not include the airport. Councilmember Walker stated Kingman must invest in its future. He went on to say that the city needs EDMC, whether it continues to be a stand alone commission or a subcommittee of TDC.

Vice Mayor Watson stated that she feels badly that the city is unable to fund EDMC to the level they have requested. She went on to say that she was concerned with funding from the time the commission was formed. Vice Mayor Watson stated that if there is no additional funding available EDMC will have to scale back their projects for fiscal year 10/11.

The Financial Services Department budget was discussed. Ms. Loyd stated that the professional services line includes \$50,000 for an impact fee study but does not include \$140,000 for Revenue Discovery Systems (RDS), who is a third party collection company. Ms. Loyd stated that if legislation permits she would like the city to consider an alternative collection method for sales tax. She went on to state that the city has been having many issues with the Arizona Department of Revenue (ADOR) collections.

Mayor Salem stated that he does not feel there is a need for an impact fee study at this time. Councilmember Gordon asked if the city has to do this study. Mr. Kramer stated that the Council would have to modify the ordinance that requires the study. City Attorney Carl Cooper stated that he would look into the wording of the ordinance and inform Council of whether or not it will need to be modified. Councilmember Walker stated that at this time there is a moratorium on impact fees at the state level. Vice Mayor Watson requested Mr. Cooper to present Council with a document to waive the impact fee study for this fiscal year.

Vice Mayor Watson stated that the funds for RDS should be added to the budget. If the state does not pass legislation to prevent third party collection the money will be available. Mayor Salem stated that if the city is allowed to hire a third party collector the matter will have to come before Council for a decision.

Ms. Loyd stated that on-line banking will cost \$40,000 for the first year and \$5,000 thereafter. Councilmember Gordon asked if the City will realize additional revenue for this service. Ms. Loyd stated that there will be no additional revenue and that this is solely a service to the customer. Councilmember Gordon stated that this is a luxury that the city cannot afford. Mayor Salem agreed and asked that this item be deferred until next fiscal year.

Mayor Salem called a five minute recess at 9:38 a.m. The meeting reconvened at 9:49 a.m.

Mr. Kramer stated that \$7,000 was added to the Information Services professional services line item to pay for the upgrade to the on-line bill pay, additional computers, and the technical support for the New World software.

The Police Department budget was discussed. Chief DeVries stated that animal control fees to citizens will increase next fiscal year.

Vice Mayor Watson stated that she appreciates Harley Davidson for leasing the city motorcycles for one cent a year. She went on to say that it is not reflected in the budget but should be recognized because it is a great service to the City of Kingman.

The Fire Department budget was discussed. Fire Chief Chuck Osterman stated that there is an increase in personnel costs due to a firefighter who was serving in Iraq most of this fiscal year but will be back to work in fiscal year 2010/2011.

The Development Services budget was discussed. Mr. Kramer stated that personnel costs have gone down in this department. He went on to say that this department has been hit the hardest by reductions in force. Vice Mayor Watson stated that a planner from this department was moved to the Public Works Department. Public Works Director Rob Owen stated that this employee under filled the open Special Projects Administrator position.

The Engineering Department budget was discussed. Mr. Kramer stated that there is an increase in personnel costs due to the addition of the new engineers that are being hired. Councilmember Gordon stated that these positions were approved due to the capital improvement projects and sewer treatment plant projects.

The Parks and Recreation Department budget was discussed. Parks and Recreation Director Darel Fruhwirth stated that participation is up in all programs and all softball leagues have waiting lists and twelve teams that are unable to play. He went on to say that people are using local services and he anticipates that continuing.

Councilmember Gordon asked Mr. Fruhwirth to explain the trips and excursions program. Mr. Fruhwirth stated that trips and excursions are just one part of the Parks and Recreation Department's activity offerings. He went on to say that the trips and excursions are designed to get people out and into activities. These trips and excursions are totally funded by money collected from the participants. He went on to say that this program enables the elderly and disabled to attend activities they would not normally be able to attend.

Mayor Salem asked about the increase in personnel costs in the Parks and Recreation Department. Mr. Fruhwirth stated that the increase was due to some people being made full time employees instead of part time. He went on to say that the Parks and Recreation Department has lowered their part time and professional services budgets and increased the full time budget. Mr. Fruhwirth stated that it allows his department to keep people employed year round rather than having to let people go and retrain new employees every year.

The Public Works Department budget was discussed. Mr. Kramer stated that the Planner from Development Services was moved to this department. He went on to say that HURF monies have been

cut for chipsealing and overlay projects. Councilmember Gordon directed staff to schedule a Work Session Meeting to discuss a permanent funding solution for these projects.

Mr. Kramer stated that the KART system has enough fund balance to maintain services even though Local Transportation Assistance Fund (LTAF) monies have been lost; however, next year will be different. Councilmember Gordon asked when construction on the new transit building will begin. Mr. Owen stated that it will be a modular building and the clearances are being obtained now. He went on to say that the American Recovery and Reinvestment Act (ARRA) funds have been used for new buses and those buses have been delivered. Councilmember Gordon suggested that signage be placed at the building's construction site to let the public know how the project is being funded. Vice Mayor Watson agreed. Mr. Owen stated that generally under the stimulus programs signage is required.

Councilmember Gordon asked about personnel costs in the water portion of the Public Works Department. Mr. Kramer stated that two veteran employees have retired which will reduce personnel costs. He went on to say that the opposite is seen in the wastewater division due to the new wastewater treatment plant requiring four additional wastewater technicians be hired.

The Sanitation Division budget was discussed. Mr. Kramer stated that the tonnage to the landfill, which in turn reduces tipping fees, is going down due to the recycling program. He went on to say that the recycling program is not self funded; however, it is a working program that Kingman residents utilize. Mr. Owen stated that tipping fees have increased in cost. Vice Mayor Watson stated that trips to the landfill have gone down. Mr. Owen stated that is due to recycling and lack of growth.

The Fleet Services division budget was discussed. Mr. Kramer stated that because vehicles are not being replaced as often there is an increase of cost in parts and maintenance.

Councilmember Gordon asked about the capital purchases budget and the repairs to the fire administration building. Mr. Kramer stated the funds are to replace the carpet and repair the roof. Chief Osterman stated that the roof is in poor condition and these repairs have been delayed for two years. Mr. Kramer stated that the condition of the roof is causing on going damage. This project will be done during the next fiscal year.

Mr. Kramer stated that two capital improvement projects funded for next fiscal year and will be paid for with impact fee money. These projects are the two traffic signals; one at Airway Avenue and Yavapai and the other at Hualapai Mountain Road and Railroad. In addition, some needed right-of-way will be purchased near the proposed Rancho Santa Fe Parkway traffic interchange. Mr. Kramer stated that funding is limited for additional capital projects.

Vice Mayor Watson asked if the Fire Hydrant Replacement project would continue. Mr. Kramer stated that it would. Chief Osterman stated that the City of Kingman has over 2,000 fire hydrants with a life expectancy of twenty to twenty-five years.

Mayor Salem proposed a small contract of around \$10,000 for MTC labor to be used as the need arises. This labor is very low cost and would be based on Mr. Kramer's approval by project. Vice Mayor Watson stated that this is a great idea and will show the City of Kingman's support of MTC. Mayor Salem stated that as the prison grows their payroll will grow to around \$19 million to people who either live or shop in Kingman. Mayor Salem stated that this contract would not jeopardize any jobs held by current City of Kingman employees and will subsidize Kingman's current work force.

Ms. Burge suggested that the City of Kingman partner with property owners to clean up certain property to enhance Kingman's appearance. Councilmember Gordon asked what department would be responsible for this. Mr. Kramer stated it would fall under the Clean City Commission. Mayor Salem stated that he does not think the contract should be limited to clean up. Mr. Cooper stated that MTC labor helped in the renovation of his new office. Council agreed to add \$10,000 for a MTC contract to be put in the City Council budget.

Ms. Loyd stated that she deducted \$8,000 from Good Samaritan, added \$10,000 for the MTC contract, added \$15,000 for the franchise election but subtracted \$10,000 that will be off set through revenue, added \$10,000 for the Bonnell House and \$5,000 for Andy Devine Days through different funds into the TDC budget, in the Finance Department budget subtracted \$50,000 for the impact fee study and added \$150,000 for RDS, reduced the Police Department budget by \$10,000 for the Animal Control contract, transferred \$500,000 from contingency to HURF for the chipsealing program, and increased the HURF chipsealing program by \$500,000.

Councilmember Lyons stated that a pay raise for City of Kingman employees would be nice. Councilmember Gordon asked for the amount if a 1% raise could be given. Councilmember Deering stated that he is more concerned about the streets and pending capital improvement projects. Councilmember Lyons stated that it is difficult without a property tax.

Mr. Kramer stated that current additions will deplete the fund balance by \$597,000. He went on to say that giving a 1% raise would cost an additional \$240,000.

Chief Osterman stated that the cost to upgrade police and fire radios so that they will comply with narrow band communications regulations, which are mandated by the federal government, have not yet been established. He went on to say that he hopes it will be less than \$50,000 and the project will have to be completed within eighteen months.

Mayor Salem stated that he is confident that the budget, including the \$597,000 addition, will sustain the city, barring any unforeseen issues such as drastic cuts to state share revenue. He went on to state that capital improvement projects cannot be done without an alternative revenue source.

The previous MOTION MADE by Councilmember Young to move the \$8,000 that was removed from Good Samaritan – Kingman Resource due to their consolidation to the EDMC and SECONDED Councilmember Walker was resurrected.

Councilmember Deering stated that the \$8,000 should be used towards the police and fire radio upgrades that Chief Osterman referred to.

The MOTION was APPROVED by a vote of 4-3, with Councilmember Deering, Councilmember Lyons, and Vice Mayor Watson voting nay.

Councilmember Gordon stated that Council has discussed a bond for a new fire station. She asked when further discussion regarding this issue could be conducted. It was determined that the discussion could be conducted during this Work Session. Ms. Loyd stated that a Call for Election would need to be done in June 2010 with the publicity pamphlet to go out in September 2010.

Mayor Salem stated that he does not believe that now is an appropriate time to ask voters for additional money. Councilmember Lyons stated that a bond election would not pay for staffing the new station. Mayor Salem stated that staffing would be an issue and the City of Kingman cannot currently afford to

hire employees for a new station. He went on to say that there may be grants available for staffing but receiving a grant is not certain.

Councilmember Gordon stated that it was her understanding that Chief Osterman had been directed by Council to pursue a grant. Chief Osterman stated that he has not been pursuing a grant for staffing. He went on to say that it will cost around \$700,000 per year to staff the new station.

Vice Mayor Watson stated that she cannot support putting a bond issue on the ballot until the economy improves.

Vice Mayor Watson MADE a MOTION to not pursue a bond election at this time for a fire station or any other capital improvement project. Councilmember Deering SECONDED.

Councilmember Gordon stated that in the East Bench area of the city there is one new school open, another new school under construction, and a new hospital. She went on to say that the city created a situation by letting growth occur without planning for proper police or fire protection. Councilmember Gordon stated that she realizes that the economy is down but thinks it is important to know the possible ramifications of delaying this. She went on to say that she believes that with a well orchestrated bond program and informing the public that the only thing the money would be spent on would be a new fire station, a bond could be successful. Councilmember Gordon stated that the voters should decide this issue.

Councilmember Deering agreed but stated that long term residents do not feel the same due to how development started in the East Bench area. He went on to say the people are already paying a large school bond and does not think the people will be willing to pay additional money for a fire station.

Councilmember Young stated that she agrees with Councilmember Gordon in that the people should be able to make this decision.

Councilmember Walker stated that he agrees the city needs a fire station in the East Bench area and thinks that a bond may pass; however, he is concerned about the cost of staffing a new station. He went on to say that he thinks this should be reconsidered next year. Councilmember Walker asked if it would be beneficial to the city and surrounding areas to have a unified fire district. Chief Osterman suggested that topic be addressed in a separate Work Session meeting.

Vice Mayor Watson stated that the east side is receiving proper service. Councilmember Young stated that a new station would provide increased service.

Richard Anderson, resident of Kingman, stated that he thinks that not building a new fire station in this area in the near future sends a bad message to potential developers.

With no further discussion the MOTION was APPROVED by a vote of 4-3, with Council members Gordon, Young, and Walker voting nay.

Mr. Kramer stated that \$8,000 was added to the EDMC budget, leaving them with a \$12,000 shortfall. He went on to ask what line item should be reduced by \$12,000. Councilmember Young stated that EDMC Chairperson Christine Cerny was not present; however, she believes reducing the Shop Kingman Campaign line item would be the best option due to the amount of community involvement EDMC has received for this program and the fact that the Kingman Area Chamber of Commerce will also be doing work in the area of economic development.

Councilmember Gordon asked Mr. Kramer to check to see if the city was getting the best cell phone prices possible and if the proper employees have cell phones. Mr. Kramer replied that this has been done twice in the recent past. Some employee cell phones were eliminated and others are no longer provided with data capabilities. Information Services Director Joe Clos stated that the city has state contract pricing.

Councilmember Deering made a MOTION to ADJOURN. Councilmember Lyons SECONDED and it was UNANIMOUSLY APPROVED.

Adjournment: 10:52 a.m.

Deborah Francis
City Clerk

John Salem, Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Donna King, Deputy City Clerk of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Session of the Common Council of the City of Kingman held on April 12, 2010

Dated this 21st Day of April, 2010

Donna King, Deputy City Clerk and
Recording Secretary